



KANSAS BOARD OF REGENTS

SENATE WAYS AND MEANS COMMITTEE

February 10, 2012

Plans for Kan-ed

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Good morning Chairman McGinn and members of the committee. I appreciate the opportunity to respond to the post audit and update you on Kan-ed.

I first want to note that Kan-ed has seen as its mission to get schools, libraries, and hospitals connected to the network. It has not seen its mission to disconnect entities from the network. Second, one of the means used by Kan-ed to attract people to the network was to provide content services and/or access to content. In fact, in the 2007 Legislative Post Audit, there was encouragement to get more entities connected to the network and there was no mention that the content offerings were inappropriate.

Next, let me recap what we heard as concerns during the last session and what we have done to address those concerns. A major concern we heard was that the Kan-ed program was not originally designed to provide content support to schools, libraries, and hospitals. In response, we cut content support by 50 percent in FY 12 and will provide no content support in FY 13 and beyond. Second, a concern was expressed that our staffing of Kan-ed needed to be reviewed. In response, we have reduced three positions. Our executive director resigned, and we assigned his duties to one of our existing employees, Jerry Huff, who now serves as the director of Kan-ed. Third, concerns were expressed about why the qualifying institutions were not assessed fees. Some of these questions were related to content and some were not. Our legal counsel could find no specific authority for assessing fees. There is some implied authority to charge for the use of video services but Kan-ed has never had a business operation established to charge fees. Additionally, there was criticism that we had not utilized the Kan-ed Advisory Council in guiding decisions for the network. In response to this concern, we have restructured the Council and are meeting with the Council on a quarterly basis. The most recent meeting was held on January 27, 2011 to review the findings of the LPA report on Kan-ed. We believe that we are now on track to use this group as a sounding board and guide to establish future directions of Kan-ed. Also, the Kan-Ed appropriation was cut by \$4 million, and we made those cuts last summer in collaboration with the Kan-ed Advisory Committee.

At the end of the 2011 session, the Legislature authorized an interim committee to review Kan-Ed and the Legislative Post Audit. We fully cooperated with the Kan-ed Study Committee which had two meetings last year and made the following recommendations:

1. Kan-ed staff should continue to implement the recommendations in the Circuit Utilization Report provided to the Committee. Those recommendations are to

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determining the most efficient and effective actions to take with underutilized circuits and those circuits with a “disconnect” recommendation. During this review, Kan-ed staff should keep in mind that some customers may under utilize circuits because of the sporadic manner in which the circuit is needed; therefore, the circuit should be maintained.

- a. Six entities listed in the disconnect category have now been disconnected. However, before a disconnection is made, we have a discussion with each entity in order to be sure they understand why the circuit is being disconnected.
2. Kan-ed should continue to conduct circuit utilization reviews of all circuits under the Kan-ed jurisdiction. Kan-ed should conduct utilization analysis with defined and published objective metrics with a formulaic approach and avoid subjective or anecdotal analysis that cannot be numerically backed.
 - a. We continue to update our circuit utilization reports. We believe this is and will be an ongoing process as we review the usage and needs of all of these members. We are aware that this process needs to look at each individual user and make a decision based on their actual needs and not the print out report so that we make decisions that are workable and equitable. (i.e. a school that only offers one class a semester may not register as a high user). A needs analysis is being developed in order to help each site determine the type of connection they are in need of and the amount of bandwidth that is needed.
3. Kan-ed should re-work their network program to provide equity in funding alternative solutions for members with needs that are not effectively or efficiently served within the confines of the current Kan-ed 2.0 Advanced Virtual Private Network (AVPN) or Kan-ed Authorized Provider (KAP) offerings.
 - a. We brought forward to the committee a plan for transitioning the network as described below.
4. There also needs to be some kind of formula prepared that would, going forward, allow Kan-ed to know at what point an under-utilized site needs to be disconnected and allowed to seek the kind of connectivity that suits a site's individual needs.
 - a. We are planning on doing a needs analysis of every circuit as a part of our transition plan.

Kan-ed is proposing to transition to a new structure over the next 18 months. We believe this plan will address the concerns that have been expressed and still ensure that the connectivity needs of schools, libraries, and hospitals are being met. The plan is as follows:

1. Transition the current Kan-ed network over approximately an 18 month period of time to either a commercial internet provider or the KanREN network.
2. During this transition process, priority will be given to assisting those currently connected to the Kan-ed network to migrate to a commercial internet provider or to KanREN, if their connection needs require the services of an Advanced Research Network.
3. We will develop a needs analysis to assist members in determining their connection needs in terms of quality, quantity and cost.
4. Kan-ed will continue to file e-rate for the circuits for which it pays for the upcoming e-rate year beginning 7/1/12 and ending 6/30/13. This will allow sufficient time for Kan-ed members

to begin planning and budgeting in order to make their own federal funding applications for the e-rate year beginning 7/1/13.

5. We will provide support and training to members to assist members in filing their own applications for federal funding, e.g. e-rate.

6. The Kan-ed program will transition to a subsidy program, similar to the current system it has in place for those Kan-ed members connected to the network through Kan-ed Authorized Providers.

7. The subsidy will compliment federal funds received by members in order to make the state funds go further. The subsidy will be calculated after federal funds have been first applied to the member's connection. All members participating in the Kan-ed program will share in the costs of their own connection. The subsidy criteria will be reviewed annually and approved by the Kansas Board of Regents.

8. Content services will no longer be provided through Kan-ed beginning in FY13.

9. We believe the Governor's budget recommendation of \$6 million for Kan-ed for FY2013 will be necessary in order to effectively manage the transitioning of the Kan-ed network.

As indicated above, in FY 13 we will no longer be providing content services or access to content services. However, we did ask for an \$800,000 SGF appropriation to allow the libraries to continue to have access to research data bases. This was included in the Governor's FY 13 budget recommendations. We would plan on transferring this to the State Library so they could provide these services.